

FDIC

Federal Deposit Insurance Corporation

Washington, D.C. 20429

Legal Division

September 14, 2007

MEMORANDUM TO: Executive Secretary

FROM: Christopher L. Hencke
Counsel

SUBJECT: Memorandum Memorializing Meeting on
July 25, 2007, Between FDIC Staff and
Representatives of Consumers Union and
Consumers Federation of America Regarding
the FDIC's Proposed Rule on Stored Value
Cards

On July 25, 2007, representatives of Consumers Union and Consumers Federation of America met by telephone with FDIC staff regarding the FDIC's proposed rule on stored value cards and other nontraditional access mechanisms. See 70 Fed. Reg. 45571 (August 8, 2005).

During this teleconference, the consumer groups noted the increased marketing of stored value cards to unbanked consumers. They expressed concerns about the preemption of State consumer protection laws and the effectiveness of disclosures in protecting consumers. They expressed the belief that the protection of consumers should not depend upon the recordkeeping practices of banks or other parties such as card distributors. They stated that consumer expectations should be honored.